

IFOW

# The Future of Good Work

The foundation of a  
modern moral economy

A discussion paper

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What is an economy for?  
An economy determines  
how goods and services  
are produced, valued  
and distributed.

*It exists to serve the  
needs of society.*

Sir Christopher Pissarides

# PART 1

**Written by:****Sir Christopher Pissarides**

Regius Professor of Economics at the London School of Economics,  
Nobel Laureate 2010

**Anna Thomas**

Founding Director of the Institute for the Future of Work

**The creation of new jobs and boosting productivity are essential to building an integrated and competitive economy. But they are means to an end, not ends in themselves. The overarching purpose must be to meet the needs of members of society, in particular the need to promote social and economic inclusion, human development and to eliminate poverty.**

Our economy is undergoing a structural transformation which some call the ‘fourth industrial revolution’. This is driven by the reallocation of human and capital resources: of people and things. The current point of structural transformation is a critical juncture in terms of resource allocation. The outcome of this transformation is not given: it will depend on how we respond to this multi-dimensional policy challenge.

It follows that it is the right time to reflect on the nature and purpose of our economy. We should ask ourselves afresh: what are the most pressing current and anticipated needs of our society? And how can we build an economy to best meet these needs?

The question has been answered with surprising variation across time and place. In ancient history, the theories of ‘just reciprocation’ and fair markets developed in response to civic consensus about the need for a just price. More recently, the old ideal of fair markets has been eclipsed by that of free markets and many economists have answered: the simple purpose of an economy is to raise living standards.

Part 1 of this discussion paper argues that society’s most pressing needs, at this point in time, are ultimately tied to the reduction of social and economic inequalities. This suggests that we must find better ways to both increase and distribute wealth. It suggests that the goal of raising average living standards is no longer enough as a stand-alone objective. Instead, we should reallocate our resources to raise living standards, promote human development *and* reduce poverty concurrently. This takes us to the most important of social and economic activities – work.

We argue that a sharp focus on making work better and fairer – a future of good work – is the best approach to creating and reallocating resources. Good work is more than a good thing. Building a future of good work is the best way to reconnect new wealth with social justice, raising living standards, promoting wellbeing and reducing poverty all at the same time. So, good work should be repositioned as the foundation of a modern moral economy.<sup>1</sup>

Part 2 of the paper proposes a simple, practical framework to help government, business and others achieve this goal.

<sup>1</sup> This paper defines a modern ‘moral economy’ as a system of institutions, organisations and mores rooted in the ancient economic and ethical ideals of fairness and reciprocal justice in bargaining. We use the term (which can be associated with an emotively defined order of morals or a narrow historical social concept) to encourage discussion about a renaissance of these ancient ideals.

## A growing consensus

There is a growing consensus about the current direction of key economic trends, many of which are driven in some way by technology.<sup>2</sup> Recently, the consensus has extended even to the impact of automation and the digital revolution on work. There is broad agreement on the proportion of existing jobs with significant potential for automation, at 10–30%; the sectors most likely to grow, and those to retreat; the most valuable and least automatable human skills we possess; and the people and communities which are most likely to be vulnerable to economic shocks.<sup>3</sup>

Against this background, identifying pressing societal needs is much easier. They can be gleaned from the consensus evident in a host of excellent reports from Commissions, Parliamentary Committees chaired by MPs from both sides of the House, Think Tanks and Research Institutes.<sup>4</sup> Our summary draws, in particular, from the Royal Society and British Academy’s evidence synthesis and the Future of Work Commission’s analysis of the mechanisms by which technology can impact on work and the labour market.

These reports coalesce around the following themes. We identify the need associated with each theme below.

**Increasing inequality of income and wealth across the UK**, marked by falling real wages, the stalling of household income growth and the prevalence of in-work poverty. In the UK, the richest 1% own more than the poorest 20% combined<sup>5</sup> and 1 in 8 workers are trapped in poverty.<sup>6</sup> History tells us that technology tends to have distributive consequences and that economic shocks affect different groups in different ways. We need to reverse these trends.

**Slowing productivity** and other growth from the Financial Crash of 2007–8 onwards. Whichever way we measure productivity, this trend is becoming more pronounced as we approach Brexit and we are enduring the weakest decade of growth in over half a century:<sup>7</sup> real median earnings are still 3% below where they were in 2008. History tells us that there tends to be a time-lag between the adoption of new technology and its positive impacts. We need to boost productivity.



*The Charter is a brilliant idea. It puts the Future of Work at the heart of inclusive growth.*

**Liam Bryne MP**  
Chair of All Party Parliamentary Group on  
Inclusive Growth

<sup>2</sup> We define technology broadly to include artificial intelligence and machine learning, the internet, the internet of things, big data analysis, digital technologies; combining and applying these technologies in diverse ways; and also to the collection of techniques, skills, processes and knowledge used by humans in relation to these technologies. Lian, Mai Chi Doa, Koczan ‘Drivers of a Declining Labour Share,’ IMF (2017).

<sup>3</sup> ‘The Impact of Artificial Intelligence on Work: the implications for individuals, communities and societies’ British Academy and Royal Society (2018) <https://royalsociety.org/news/2018/09/the-impact-of-AI-on-work/>.

<sup>4</sup> These include, in particular for this brief, Tom Kibassi et al ‘Prosperity and Justice, a Plan for the New Economy,’ (2018) <https://www.ippr.org/research/publications/prosperity-and-justice>; Matthew Taylor et al., ‘Good Work: The Taylor Review of Modern Working Practices,’ (2017), [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/627671/good-work-taylor-review-modern-working-practices-rg.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/627671/good-work-taylor-review-modern-working-practices-rg.pdf);

RSA, ‘Measuring Good Work: The Final Report of the Measuring Job Quality Working Group’ (Carnegie UK Trust: Royal Society of Arts, 2018), <https://www.thersa.org/globalassets/pdfs/reports/measuring-good-work.pdf>; OECD, ‘Measuring and Assessing Job Quality,’ (2015), <http://www.oecd.org/std/labour-stats/Job-quality-OECD.pdf>.

<sup>5</sup> ‘How To Close Great Britain’s Wealth Divide: The Business of Tackling Inequality’ Oxfam (2016).

<sup>6</sup> Joseph Rowntree ‘In-work Poverty’ (2018); Institute for Fiscal Studies ‘Living Standards, Poverty and Inequality in the UK’ (2017).

<sup>7</sup> Resolution Foundation ‘The Living Standards Outlook’ (2018). <https://www.resolutionfoundation.org/app/uploads/2018/02/Outlook-2018.pdf>.

## A growing consensus *continued*

**Growth of insecure workforce**, characterised by the growth of jobs and tasks undertaken without the protection of trade unions, employment or health and safety laws. We are faced with differing assessments about the size of the workforce without employment protection, in the absence of national statistics, but the general trend is plain. We must think about how to promote security for individuals moving across jobs, sectors and occupations.

**Trend towards concentration of market power** in the hands of global corporates, in particular when machine learning is combined with data in digital and innovation markets. The International Monetary Fund has pointed out that the UK's 5 trillion dollar merger wave over the last twenty years is 50% greater in the UK than in the US.<sup>8</sup> We should review the adequacy and application of competition law principles with reference to the impact of consolidation on job creation and quality of work.

**Increasing pace of technological applications** and advance in terms of computer power, the availability of big data and innovative use. This has impressive but unfulfilled economic potential across a range of domains. The pace of change will be determined by efficiency in resource allocation. Social factors, as well as fiscal and monetary policy, may influence the dispersal of technology. There is often a time-lag between the adoption of technology and its benefits appearing. We need to work collaboratively to realise these benefits as widely and as swiftly as possible.

**Automation of human work**, replacing between 10–30% human jobs, most of which will be lower skilled work, putting low paid workers at risk of a second disadvantage.<sup>9</sup> The content and skillsets of a much higher proportion of tasks will be disrupted triggering a pressing need for reskilling, upskilling and life-long learning through career cycles, whereas education spending in the UK is falling in real terms.<sup>10</sup> We need to support smooth transition, with particular regard to reducing the cost of transition to individuals and ready access to appropriate, high-quality life-long learning.

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*As a supporter of social entrepreneurs and an employer ourselves, Unltd welcomes the Charter for Good Work and looks forward to working with IFOW to apply its principles.*

**Mark Norbury**  
Chief Executive Unltd

While technology is not the only driver of these trends, it is the common theme. Technology offers our most exciting opportunities as well causing some of our most pressing challenges. Can we connect these opportunities with the challenges we face?

This is possible if we shift the focus of our attention in three key ways.

<sup>8</sup> All Party Parliamentary Group on Inclusive Growth on Inclusive Growth report (2018).

<sup>9</sup> The Impact of Artificial Intelligence on Work' British Academy and Royal Society (2018).

<sup>10</sup> Institute for Fiscal Studies 'Report on Education Spending' (2018).

## A growing consensus *continued*

### Creating and valuing good work

First, we must focus on the potential for technological innovation to *create new industries, jobs and tasks*. The human-machine frontier is shifting but people will remain dominant in unpredictable environments and areas that require creativity and social intelligence. Particular growth can be expected in health and social care, the creative industries, leisure and technology-related sectors, such as telecommunications and high-tech engineering. Industrial strategy should focus on creating good quality work in the growth sectors. Social policy should support people transitioning from displaced or less productive sectors to these sectors.

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*For me the important thing about the Charter is how direct the language is. I wouldn't hesitate to agree with everything it says.*

**Floriane Fidegnon-Edoh**  
Stemette and member of IFOW's  
Youth Steering Group

### Augmenting human work

Second, we should refocus our attention from technology that replaces human work to the development and dispersal of technology that *augments human work*. We must stop seeing technology as something that challenges the existence of good work. The reverse is true: technology can be directed to improve work quality across the UK, with the right focus and policy-mix. It can support the automation of some routine tasks, freeing up time for people-facing work; enable new monitoring and diagnostic tools for health professionals; support teachers with personalised learning systems; and utilise data analytics to improve service across a range of domains. These are examples of existing designs; there will be more to come.

The best way to do this is to nurture a 'people first' approach to technology-related design, policy and practice. Technology designers should think about the implications of new designs on the quality of human work. Business should put human development at the centre of their automation and reskilling strategies and think about new ways to engage the workforce through disruption. Industrial strategy should extend to the people in regions and sectors adversely affected by the structural transformation. The Department for Education and related institutions should work with business to develop better pathways for training, conversion and progression. A human-centred approach is not only the right or 'moral' thing to do. It's better for growth too.

### A mechanism for distribution

Lastly, we must see work as a means to redistribute wealth. Improving and distributing quality work *is one of the best mechanisms to distribute new resources* and other benefits. This means the distribution of material resources (such as income) and non-material resources (such as opportunities for developing talents, creativity and relationships).

## Meeting society's needs: a future of good work

Work connects the experience and living standards of individuals and families to the economic and social health of the country. If we shape the structural transformation to make work fairer and better – improving individual experience and income from work – the economy will ultimately grow. A healthy economy will produce better work and more for redistribution by way of wages, quality and time at (or away from) work.

Future good work is at the centre of this virtuous cycle and an economy that serves society better. It should be promoted to be a central objective for macroeconomic and social policy, and for sustainable future business.

Good work is not the purpose of our economy. But it is a goal and a measure of our progress as a modern industrial society.<sup>11</sup> It is the foundation of a modern moral economy.

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*The IFOW Charter principles will be crucial to implement to build a just future world of work. The Fairwork Foundation is developing a kitemark in collaboration with IFOW to achieve some of the key principles.*

**Professor Mark Graham**  
Fairwork Foundation, Oxford Internet Institute

<sup>11</sup> Max Weber offered a similar answer in his Freiburg Address of 1895, 'The Nation State and Economic Policy'. See Max Weber, Weber: Political Writings (Cambridge: Cambridge University Press, 1994).

# PART 2

## Written by:

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Co-Chair of the Institute for the Future of Work

### Anna Thomas

Founding Director of the Institute for the Future of Work

## The Good Work Charter

Thinking about the broader role of good work in our society invites a broader conversation about the foundational principles which should frame this debate. There is also an urgent need for new thinking about the most appropriate policy architecture for supporting a ‘people first’ approach to managing transition.

The Charter we have published today continues our journey towards creating a framework for the future of good work that meets these needs. It sets out key ethical or ‘moral’ principles which characterise good work. Following a public consultation, we will finalise the Charter and then undertake in-depth work with our partners to explore ways to implement the principles in specific areas.

The origin of the Charter lies in the foundational principles for good work developed by Professor Michael Sandel for the Future of Good Work Commission. Good work should be accessible to everyone, and should promote dignity, autonomy and security. The Charter pulls together diverse evidence streams, connecting perspectives from moral philosophy, law, economics, trade unions and business. It also draws from a number of national and international initiatives aimed at making work fairer and better. Each serves an important function. We think that if they are drawn together, their impact and influence will be amplified. Together, they will be more powerful in laying the foundations of a modern moral economy.

The Charter<sup>12</sup> is an organising framework for policy-orientation and practice designed to encourage commitment and fresh-thinking from government and business about the fundamental components of good work and how to protect these components through the new industrial revolution. We hope it will encourage people and institutions to prioritise the creation of future good work, facilitate a broader dialogue about the social and economic conditions needed for future good work, and lead to practical solutions. National government may consider the Charter in developing industrial strategy across sectors including sectors such as retail and transport, which are poorly paid and undergoing significant disruption. Businesses may use the Charter as a checklist when designing or applying new technology, and responsible employers may adopt it as they introduce the technology.

<b>1. Access</b>	Everyone should have equal access to good work
<b>2. Fair pay</b>	Everyone should be fairly paid
<b>3. Fair conditions</b>	Everyone should work on fair conditions set out in fair terms
<b>4. Equality</b>	Everyone should be treated equally and without discrimination
<b>5. Dignity</b>	Work should promote dignity
<b>6. Autonomy</b>	Work should promote autonomy
<b>7. Wellbeing</b>	Work should promote physical and mental wellbeing
<b>8. Support</b>	Everyone should have access to institutions and people who can represent their interests
<b>9. Participation</b>	Everyone should be able to take part in determining and improving working conditions
<b>10. Learning</b>	Everyone should have access to facilities for career guidance and training

<sup>12</sup> A first draft of the Charter was published in the Future of Work Commission report in December 2017. The Commission was chaired by Tom Watson MP and Helen Mountfield QC. IFOW has drawn on the research undertaken by the commission but is an independent, non-profit organisation.



● International organisation     
 ● National organisation     
 ● Key direct sources



We are sharing IFOW's first programmes and proposed programmes for the next 3 years below and on page 11 by reference to the principles in the Charter. The matrix is a work in progress.

IFOW principle	Law	Advisory	IFOW priority areas for research	IFOW priority areas for application
1. Access	Equality Act	Social Charter	Distribution of and access to quality of work	Disruption index
	Human Rights Act	SDG Goal 8	In-depth sector research	Sector road maps in retail, transport and social care
	Charter of Fundamental Rights	ILO	Competition Law – impact	
2. Fair pay	Minimum Wage Act	ACAS	In-work poverty trends	Standards/kitemark
	Equality Act (Gender Pay Gap information) Regs	Social Charter	Pay through transition/reskilling	
		TUC		
		ILO		
		SDG Goal 8		
		Living Wage		
Local standards				
3. Fair conditions	Employment Rights Act	ACAS	Conditions for platform workers	Cross-disciplinary impact assessment
		CIPD	Conditions in health and social care work	Standards/kitemark
		Social Charter		
		TUC	Use of AI-related technology by employers	New models of business for social care
		ILO		
		SDG Goal 8		
		Local standards		
4. Equality	Equality Act	ACAS	Impact assessment	Cross-disciplinary impact assessment
	Human Rights Act	CIPD	Case studies	
	Charter of Fundamental Rights	Social Charter		
	GPDR	ILO		
	Data Protection Act	SDG Goal 8		
		TUC		Fairness framework
5. Dignity	Protection from Harassment Act	Social Charter	Sector research	Pilot: civic enterprise
	Equality Act	ILO	Job quality in retail, transport and social care	
	Human Rights Act	TUC		
	Charter of Fundamental Rights	ACAS		
	European Convention			
	GPDR			
	Data Protection Act			

IFOW's first programmes *continued*

IFOW principle	Law	Advisory	IFOW priority areas for research	IFOW priority areas for application
<b>6. Autonomy</b>	Human Rights Act	Social Charter	Sector research	Pilot: civic enterprise
	Flexible Working Regulations	ILO	Job quality in retail, transport and social care	
	Common law right to self-determination over person	TUC		
	Anti-slavery Act	ACAS		
	Charter of Fundamental Rights			
	Data Protection Act			
<b>7. Wellbeing</b>	Health And Safety at Work Act	Social Charter	Impact of access to work/learning on health	Blueprint for skills/ job matching tool
		ILO		
		SDG Goal 8		
		ACAS		
		CIPD		
		Local standards		
<b>8. Support</b>	Trade Union Consolidation Act	Social Charter	Access to trade unions	Pilot: civic enterprise
	European Convention	ILO	Other institutions providing support	
	Charter of Fundamental Rights	TUC		
		ACAS		
		Local standards		
<b>9. Participation</b>	TU Consolidation Act	Social Charter	Assess impact of increased participation	Pilot: civic enterprise
	European Convention	ILO	Database on employee ownership	Blueprints to promote
	ICE Regulations	SDG Goal 8		
	Health & Safety consultation	CIPD	Best case studies	
		ACAS		
		Local standards		
		Agreements on introduction of tech		
<b>10. Learning</b>	Education Act	Social Charter	Access to life-long learning	
	Equality Act	TUC	Collaborations to provide and support life-long learning	Blueprint for skills/ job matching tool
	Paid (under 18) unpaid (over 18) time off work for training	CIPD		Best case studies
		ACAS		



**IFOW**

This paper is a team effort. The authors are particularly grateful to Professors Joseph Stiglitz, Michael Sandel, Simon Deakin and Mark Graham and to Floriane Fidegnon-Edoh, Helen Mountfeld QC, John Evans, Hannah Reed, Joanne Cairns, Ben Deloit, Kevin Armstrong, Mark Norbury, and Emma Spencelayh for their invaluable input.

Our extraordinary Research Fellows, who have edited this paper, are Daniel Chandler (London School of Economics) Joshua Simons (University of Harvard), Katherine Stapleton (University of Oxford) and Nyasha Weinberg (Winston Churchill Scholarship).

We would also like to thank the Open Society Foundation and First Founders of the Institute for the Future of Work without which this paper would not have been written.

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